



AGRICULTURE UPDATE

ROD GRAMS

UNITED STATES SENATOR ■ MINNESOTA

United States Senate
WASHINGTON, DC 20510-2304

Dear Friends:

Now that spring planting is completed, I want to update you on activities in Washington that are likely to impact the bottom line of farmers all across Minnesota. I am pleased with the progress we have made during the 106th Congress in reforming and improving crop insurance, approving additional emergency assistance, and expanding international trading opportunities.

While I am encouraged by these developments, we need to do much more. As someone who grew up on a dairy farm, I understand the concerns of Minnesota farmers. Since being elected to the U.S. Senate, I have met on countless occasions with farmers, rural lenders, and small business owners throughout our state to discuss issues important to agriculture and the rural economy. Many times, I have taken suggestions from these meetings and drafted legislation – encompassed within My Farm and Town Empowerment Plan – that promotes the economic opportunities our farmers and rural communities deserve.

I've recently turned to the experts again by forming a Rural Policy Task Force. In preparation for debate over the next farm bill, the task force will forward recommendations regarding agricultural and rural policy. Because rural America is changing in ways that will shape the face of our communities for the next 100 years, it is critical that we begin looking at policy alternatives now, rather than later.

The challenges facing our farmers are real, but not insurmountable. With that in mind, I will continue to make fairness for farmers and the importance of bringing more job opportunities to rural America a primary focus of my Senate office. If you are interested in obtaining a copy of my Farm and Town Empowerment Plan, please call my Anoka office at 763-427-5921.

Sincerely,

Rod Grams
United States Senator

Reforming Crop Insurance And Providing Emergency Assistance

House and Senate negotiators recently reached agreement on the Agricultural Risk Protection Act of 2000 (H.R. 2559), the crop insurance reform package that is critically needed in the American heartland. The conference report was approved by both chambers and sent to the President. I have worked hard on crop insurance reform, and it is gratifying to see that the final legislation passed by Congress is so similar to my own proposal. The premium subsidies will be crucial in helping farmers manage their risk, encouraging greater participation in the program, and possibly reducing the need for ad hoc disaster assistance.

The crop insurance package also includes an additional \$7.1 billion in emergency aid to producers, \$5.5 billion of which will be paid from FY2000 funds in the form of additional Agricultural Market Transition Act (AMTA) payments. I am pleased there will be an additional \$500 million in assistance for oilseed producers, especially since last year's disaster assistance funding covered only 70% of losses.

Ensuring Fairness For Dairy Farmers

The Senate Agriculture Appropriations bill (S.2536) also includes critical income assistance for dairy farmers – almost \$40 million for Minnesota farm families. I'm encouraged that Washington may finally be doing something that will benefit Minnesota dairy producers, rather than punishing them for being so efficient. Significant disaster relief for livestock producers is also included in the agriculture spending bill.

You have my commitment to continue working to repeal the Northeast Interstate Dairy Compact and to fight against expansion of dairy compacts to the Southern states. I hope that when the farm bill is reconsidered in 2002, Congress will develop a dairy policy that is national in scope, and supports dairy farm families in all regions of the country. Congress and the Administration cannot continue the regional divisions spawned by dairy compacts and the milk marketing order system. Fairness in dairy policy will be my primary objective for the new farm bill.



Senator Grams makes a stop on his
"Focused on the Farm" Tour

Cutting Taxes For Rural Families

I will continue, through legislation such as my Farmer Tax Relief Act (S.1861), to seek relief for our farm families from a growing federal tax burden. The President vetoed major tax relief last year, including important relief for farmers, and we may have to wait for a new Administration to see the relief rural Americans desperately need. In the meantime, I expect Congress will pass a smaller tax package this year that includes estate tax and marriage penalty relief and hopefully full deductibility of health insurance premiums for the self-employed.

Agribusiness Concentration

Work continues in Congress on legislation to address concerns regarding increased concentration in agriculture. I am a cosponsor of legislation (S.1984) that establishes a position within the Antitrust Division of the Department of Justice with responsibility for agricultural antitrust matters. I am also working on legislation that will protect the position of producers in the marketplace without compromising the global competitiveness of our farmers and agribusinesses.

FINPACK

FINPACK, the popular farm financial management system developed by the University of Minnesota, is widely used by farmers, lenders, and Minnesota Farm Service Agency (FSA) offices. Its continued utilization, however, is threatened by edicts from USDA that would force local FSA offices to replace FINPACK with what many consider to be an inferior system. I am working to ensure FINPACK can continue to be used by the Minnesota agricultural community.

Ethanol And MTBE

Earlier this year, I joined several of my Senate colleagues in writing to President Clinton regarding the current controversy over the use of Methyl-Tertiary-Butyl-Ether (MTBE) in the Reformulated Gasoline Program (RFG). Because of environmental concerns with MTBE, some in Congress are calling for the elimination of the oxygen standard in the RFG. I strongly disagree with that approach and have asked President Clinton to maintain the oxygen standard and look to ethanol to fill the void. I also recently cosponsored legislation in the Senate that will phase out the use of MTBE over three years while retaining the oxygen standard and its environmental benefits. We must ensure that Minnesota's commitment to ethanol is protected, and I cannot imagine a scenario that would merit endangering ethanol's economic and environmental benefits. I will continue to push to make sure we not only maintain ethanol markets, but grow them for the future.

Expanding Trade Opportunities For Farmers



I have helped lead the effort to pass Permanent Normal Trade Relations (PNTR) with China. The U.S.-China World Trade Organization (WTO) agreement is a one-sided pact that should have no opposition. It will help farmers develop major market access possibilities for the future in a rapidly growing China market. Now that the House has passed PNTR, I



Senator Grams meets with Minnesota farmers

am urging the Senate Leadership to take up the matter very soon. Agriculture groups actively support this important legislation, and I look forward to continue working with them to finish the job.

Agriculture sanctions are another priority of mine. After many attempts, we were able to include legislation in the Agriculture Appropriations bill to exclude food and medicine from current and future sanctions. This is a huge victory for farmers. We are now fighting to maintain this provision, amidst opposition from those against lifting any part of the Cuban embargo.

On the Africa trade bill, we were able to pass legislation that allows the Trade Representative (USTR) to rotate the product list used for retaliation against countries for unfair trade practice. We also made the Deputy USTR for Agriculture a permanent position, ensuring that agriculture will always have a seat at the table during trade negotiations.

I participated in the WTO Ministerial meeting in Seattle, sending a strong message for continuing our efforts to curb ag subsidies and other unfair practices abroad at the upcoming new trade negotiations, which should start by the end of the year.

Health Care For Rural America

I recently co-sponsored the Critical Access Hospital Enhancement Act of 2000 (S.2600). By increasing reimbursement rates under Medicare for services like ambulance transportation, lab services, and long-term care, this legislation would improve the ability of Critical Access Hospitals – those hospitals more than 35 miles from the next nearest hospital, and having an average of less than 15 inpatient beds – to survive in an era of tightened health care expenditures. Other recent bills I have authored or supported would increase Medicare reimbursement rates for inpatient and outpatient care in traditional hospital systems, increase funding for community health centers that help underserved or unserved areas, and provide prescription drug coverage for all of our neediest seniors. I remain committed to supporting measures that enable those in rural areas to access health care services when they need them, for as long as they need them.

Improving Communications In Rural America

Technology encouraged by passage of the 1996 Telecommunications Act has promoted education and training in rural Minnesota through greater use of distance learning. Telemedicine has made access to health care services easier and more affordable. Our

farmers have greater access to global market information and important data provided by the Department of Agriculture. The Act has also preserved the cornerstone of rural telecommunications policy – universal service assistance. I am proud to have supported the enactment of this historic legislation.

Providing Access to Local Television Programming

I have worked with my colleagues on the Senate Banking Committee to pass the Launching Our Communities' Access to Local Television Act of 2000 (S. 2097). This legislation addresses my concern that millions of Americans in small, rural areas have not begun to enjoy the benefits of local-into-local programming.

The LOCAL TV Act would establish a \$1.25 billion loan guarantee program to facilitate access to local television programming in rural Minnesota communities and throughout the country. I am very pleased that the Senate passed my amendment to ensure that the National Cooperative Finance Corporation is considered an eligible lender under the proposed loan guarantee program.

After months of uncertainty over the future of their satellite signals, I am confident that thousands of rural Minnesotans will soon enjoy the benefits of local television programming.

Bridging the "Digital Divide"

Bringing technology to rural Minnesota has always been a top priority for me. However, I am very concerned about the "Digital Divide," the technological gap between various aspects of our society, including rural and urban communities.

We can help to close the Digital Divide through repeal of the federal telephone excise tax. The federal telephone excise tax was first established to fund the Spanish American War of 1898, but has since become an obstacle to consumer investment in technology. The House of Representatives has overwhelmingly passed legislation to repeal this "tax on talking," and I expect the Senate will consider its version, S. 2330, soon.

High-speed Internet access is clearly a key to improved economic development in rural communities, and is important to Minnesota's farmers, schools, libraries, healthcare institutions, hospitals, and businesses. I have introduced S. 2572, legislation that will ultimately promote investment in Internet services by small telephone carriers that service rural communities by freeing up capital and resources. This legislation complements my co-sponsorship of the Universal Service Support Act, which will help facilitate the deployment of high-speed Internet service in rural Minnesota.

I will continue my efforts to pass the New Millennium Classrooms Act, designed to increase the amount of computer technology donated to schools and help our children prepare for the high-tech jobs of the future.

Focusing On Crime In Rural America

Among my efforts to prevent crime in rural areas of our state, I have co-sponsored a bill that would provide \$22 million to fund the National Center for Rural Law Enforcement. This legislation will allow Minnesota's law enforcement community to participate in education and training programs that will help to deter crime in small towns and rural communities.

Senator Grams' Other Priorities

Social Security: Protecting America's Investment In The Future



Saving Social Security, preserving its integrity, and ensuring security in retirement for today's senior citizens and tomorrow's retirees is a critical concern of Minnesotans. To offer every individual the opportunity to achieve wealth – and the security it

affords – in their retirement years, Congress must work proactively and plan creatively. The experts agree that Social Security is a fiscal time bomb that cannot survive as we know it once the Baby Boom generation begins to retire. The biggest risk is to do nothing at all.

While politicians routinely talk about "saving Social Security," the 106th Congress is taking action. At the beginning of this year, I introduced the **Grams' Lockbox (S. 2001)**, legislation that prevents Washington from spending the Social Security surplus by locking in those dollars for their intended use: security for retirees. The **Grams' lockbox** triggers an automatic reduction in government spending, including the pay of Members of Congress, if any of the Social Security surplus is spent, returning it to the Social Security Trust Fund. As a member of the Senate Budget Committee, I offered my proposal as an amendment to the annual budget, and the **Grams' lockbox** was approved by both the Senate and the House of Representatives in April.

This was but a first step toward saving Social Security. Some in Washington propose increasing taxes, cutting benefits or boosting the retirement age so Social Security can limp into the future. But retirees deserve more than just another federal program after a lifetime of work — they should have financial security in their non-working years. That is why I introduced the **Personal Security and Wealth in Retirement Act (S. 1103)**. My legislation offers Americans the option of participating in personal retirement accounts, while guaranteeing minimum retirement benefits. I have outlined this proposal in more than 50 town hall meetings held across Minnesota in the past year, and the response from every age group, in every community, has been extremely enthusiastic. For more information about my efforts to ensure retirement security for all Americans, please visit my special "Social Security: America's Investment in the Future" web page at: <http://www.senate.gov/~grams/>. You may also be interested in attending an event where I will be appearing with Jose Pinera, Chile's former Secretary of Labor and Social Security, who was the architect of that country's successful privatization of its pension system, July 6, at the Minneapolis-St. Paul Airport Hilton at 6:30 pm.

Tax Relief: Returning Power (And Dollars) to the People



I have made cutting taxes for Minnesota's overtaxed families my top priority in the U.S. Senate, and was the driving force behind enactment of the **\$500 per-child tax credit**. This measure took full effect this past year and has resulted in the

largest tax relief effort since the Reagan Administration's tax cuts in 1982. More importantly, the \$500 per child tax credit is putting \$22 billion back into the pockets of American families each year – \$500 million for Minnesota

families alone. Thanks to the \$500 per-child tax credit and several minor tax initiatives enacted over the past five years, Congress has successfully lowered the overall tax burden for many families.

But taxes are still far too burdensome. I worked hard to return some of the tax overcharges to the taxpayers in this year's budget. This tax relief would total \$150 billion over five years. It calls for relief from the marriage penalty tax, a tax incentive for affordable education, health care tax relief, small business tax relief, and repeal of the Clinton/Gore fuel taxes. We will not know until later this year, during final negotiations between Congress and the Administration, how successful our efforts will be to cut taxes for working Americans. ***Your participation in this debate could mean success or failure. If you agree with me that Congress should pass tax relief for hard-working middle-class taxpayers, write, email, or call your Congressional representatives and the President today!***

The tax code itself is unfair, too complicated and unfriendly to the taxpayer. Ultimately, cutting taxes will not fix the enormous problems inherent in our tax system. To restore fairness, we must rip out the entire tax code and replace it with something fair, friendly, and easy to understand. Minnesotans should never have to face another April 15 again, with all its forms, fears, and frustrations. I will continue to pursue this goal.

Education: Freedom, Flexibility, and a Local Focus Needed



The best education is a local education, taught by caring teachers, supported by involved parents, and nurtured by local school districts with the flexibility to meet local needs. Washington needs to understand that a student's best friend is a book or an Internet connection, not a federal bureaucrat.

The **Education Flexibility Partnership Act (S. 280)** is an example of returning educational choices to the local level. The bill, passed by both the House and Senate and signed into law, extends into every state the power of the "Education Flexibility Partnership Demonstration Program," otherwise known as "Ed-Flex." Ed-Flex allows eligible local school districts to forgo the federal red tape that consumes so many precious education dollars. Moreover, the best way to help teachers teach is to give them the freedom, flexibility, and resources to get their job done without undue interference and federal strings.

One of my major concerns whenever Congress takes up the education debate is making sure that Minnesota taxpayers get their money's worth. Too much of Minnesotans' education tax dollars are consumed by federal administrative requirements. Moreover, Minnesotans lose over \$60 million yearly because of unfavorable distribution formulas. Consequently, among amendments to the **Elementary and Secondary Education Act** that I have proposed or cosponsored is one that would help address this imbalance and provide Minnesota a better return on the federal tax dollars we commit to the Washington bureaucracy.

Parents and teachers, not Washington bureaucrats, have the greatest stake in the education of Minnesota children, and we must make sure they are not stifled by one-size-fits-all federal mandates. I will continue working to keep more of your tax dollars in the classrooms and keep education decisions at home.

CONTACTING ROD GRAMS



Your input is vital to the success of these and other initiatives Congress may consider, and, as always, I encourage you to contact me with your comments and suggestions.

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